

Message Text

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P 192306Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA PRIORITY

C O N F I D E N T I A L STATE 170881

LIMDIS

E.O. 11652:GDS

TAGS:ECON EFIN EAID CG

SUBJECT:GOZ REQUEST FOR HELP ON POL

1. RE LEONARD QUERY PARA 4 KINSHASA 6103, USG HAS NO MEANS OF GUARANTEEING OIL BARTER ARRANGEMENTS OF SORT PROPOSED BY PETRO ZAIRE. EXIMBANK DOES NOT PROVIDE COVER FOR OIL SALES, AND OPIC COULD NOT PROVIDE INSURANCE IN ABSENCE ELEMENT OF NEW INVESTMENT. DEPT HAS SO INFORMED WILLIAMS OF MOBIL OIL, WHO HAD MADE ENQUIRIES PARALLEL TO LEONARD'S.

2. IT IS POSSIBLE BUT NOT LIKELY THAT OPIC COULD PROVIDE SOME INSURANCE FOR GULF IF GULF INVOLVEMENT IN BARTER ARRANGEMENT WERE INTEGRAL TO EXPANSION OF GULF PRODUCTION INVESTMENT. NORMALLY, HOWEVER, OIL PRODUCTION COVERAGE IS LIMITED TO TANGIBLE ASSETS. GULF APPLICATION ALSO WOULD HAVE TO COMPETE WITH OTHER PENDING APPLICATIONS FOR ZAIRE WHICH ALREADY EXCEED OPIC'S POTENTIAL FOR COVERAGE
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IN THAT COUNTRY. WHILE NOT WISHING TO OFFER ANY ENCOURAGE-

MENT, OPIC IS WILLING TO EXPLORE POSSIBILITY WITH GULF IF COMPANY WISHES. IF INTERESTED, COMPANY OFFICIALS SHOULD CONTACT GERALD D. MORGAN, DEPUTY VICE PRESIDENT FOR INSURANCE (205-632-1453).

3. IN TALK WITH DEPTOFF, WILLIAMS REVEALED THAT MOBIL HAD BEEN IN TOUCH WITH OTHER COMPANIES AND WITH BANKS ABOUT PETROZAIRE OFFER AND HAS ALSO ASKED GOZ TO SPELL OUT WHAT KINDS OF FINANCIAL GUARANTEES IT WOULD BE ABLE TO GIVE. WILLIAMS PLANS ARRIVE KINSHASA JULY 25 TO PURSUE MATTER THERE.

4. WILLIAMS SUGGESTED THAT COMPANIES MIGHT FEEL MORE SECURE PROCEEDING WITH PROPOSED ARRANGEMENT IF USG COULD LEND "MORAL AUTHORITY" BY, FOR EXAMPLE, HAVING CHARGE WITNESS SIGNING CEREMONY. AFTER CONSULTATION WITHIN DEPT, DEPTOFF ASSURED WILLIAMS THAT USG WOULD BE HAPPY TO LEND "MORAL" SUPPORT (E.G., PRESENCE OF CHARGE AT SIGNING, SIGNING IN CHARGE'S OFFICE, EXPRESSION OF SATISFACTION THAT AGREEMENT REACHED) BUT COULD NOT RPT NOT ITSELF BE PARTY TO AGREEMENT OR IN ANY WAY ENDORSE TERMS OF COMPENSATION ARRANGEMENT EMBODIED IN IT. WILLIAMS SHOWED REAL INTEREST IN THIS IDEA AND MAY PURSUE IT FURTHER WITH EMBASSY IN KINSHASA.

5. ACCORDING TO WILLIAMS, MOBIL HAS REPORT FROM KINSHASA THAT TWO SHIPMENTS OF CRUDE ENROUTE TO ZAIRE FROM ALGERIA AND/OR LIBYA HAVE NOW BEEN DIVERTED- MOBIL KINSHASA REPORTS THAT MOANDA REFINERY HAS SUPPLY FOR 30 DAYS OF OPERATION ONLY AND THAT COMPANIES HAVE NOW BEEN INFORMED THAT MOBUTU HAS PERSONALLY EXPRESSED HOPE THAT THEY WILL COME TO ZAIRE'S AID. ACCORDING TO WILLIAMS, ARRANGEMENT PROPOSED WOULD INVOLVE PROVISION OF ABOUT 360,000 TONS OF CRUDE PLUS 2000/3000 BPD OF PRODUCT OVER NEXT FIVE TO SIX MONTHS, TOTAL VALUE \$40 MILLION.

6. COMMENT. WILLIAMS MADE IT PLAIN MOBIL SEES ENTICING OPPORTUNITY FOR POSSIBLY FAVORABLE SETTLEMENT OF COMPENSATION CLAIM AND IS THEREFORE LOOKING HARD FOR MEANS TO CONFIDENTIAL

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REDUCE RISK TO ACCEPTABLE LEVEL. WILLIAMS ALSO SUGGESTED GULF COULD NOT HELP BUT FEEL SOME INSECURITY ABOUT ITS CONCESSION AGREEMENT, WHICH HE DESCRIBED AS ONE OF MOST FAVORABLE IN WORLD, AND THEREFORE HAS STRONG INCENTIVE TO BE RESPONSIVE TO GOZ ON OIL REQUEST. COMPANIES' ASSESSMENT OF RISK INVOLVED WILL UNDOUBTEDLY BE INFLUENCED BY RESULTS OF VANCE DISCUSSION OF ECONOMIC PROBLEM WITH GOZ AND BY ANY GOZ DECISION RE CORRECTIVE MEASURES. KISSINGER

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